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ECONOMIC SANCTIONS AS A TOOL OF STATECRAFT

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In recent years, economic sanctions have fast become the tool of choice in coercive diplomacy used by individual states, coalitions, the United Nations, and especially the United States¹ It needs to be complemented by military, diplomatic, and information tools to achieve national objectives But expectations for success using sanctions exceed the historical low rate of return of 34 percent² Despite increased use, the necessary supporting theory, guidelines, and training of government actors is lacking This led to failed expectations in the initial sanctions on Iraq in 1990, where the coalition expected them to persuade Iraq to leave Kuwait³ United States unilateral sanctions on Russia in 1980 following Russia's invasion of Afghanistan did not get them to leave⁴ To improve our expectations and close the gap, this essay will provide a review of key characteristics of economic sanctions, reasons for increased use, and conclude with planning factors usually overlooked when contemplating the use of sanctions

Our first problem is that there is limited literature and no common agreed definition I prefer the definition that economic sanctions are a tool to lower the aggregate economic welfare of a target state by reducing international trade in order to coerce the target government to change its political behavior or military behavior⁵ Sanctions can coerce either directly, by persuading the target government that the issues at stake are not worth the price, or indirectly, by inducing popular pressure to force the government to concede, or by inducing a popular revolt that overthrows the government,

¹ Richard N Haass, "Sanctioning Madness," *Foreign Affairs* 76 (November/December 1997) 74

² John C Scharfen, *The Dismal Battlefield,, Mobilizing for Economic Conflict* (Navy Institute Press, 1995), 137

³ George Lopez and David Cortwright, 'The Sanctions Era An Alternative to Military Intervention ' *Fletcher Forum* 19 (Summer/Fall 1995) 70

⁴ Franklin L Lavin, "Asphyxiation or Oxygen? The Sanctions Dilemma," *Foreign Policy* (Fall 1996) 4

⁵ Richard N Haass, "Sanctioning Madness," *Foreign Affairs* 76 (November/December 1997) 74

resulting in the establishment of a government that will make the concessions⁶

Economic sanctions are both positive and negative, and include such trade instruments as blacklisting, export/import licensing, tariffs, and travel limitations, finance instruments such as aid, loans, withholding payments, freezing accounts, nationalizing assets, and impounding assets, resource management instruments as stockpiling, limited extraction, technology transfer, and resource denial, and unconventional instruments such as industrial espionage, bribery, disinformation, inciting work stoppages, immigration control, disrupting lines of communication, computer subversion, currency subversion, smuggling, sabotage, extortion, and piracy.⁷ We tend to think and deal with negative sanctions, while forgetting that positive sanctions like extending most-favored-nation (MFN) status to China, or reducing tariffs can be a form of economic coercion to get others to change their political behavior.⁸

Sanctions are either unilateral or multilateral. In implementing sanctions and gaining domestic support within the U.S., multilateral sanctions as currently used against Iraq are preferred because having other states involved provides moral and ethical support that our actions are proper, within the bounds of international law, and have broad support.⁹ Increased use of multilateral sanctions follows the end of the Cold War. During it, the U.S. resorted to unilateral sanctions like those against Cuba and Rhodesia because the Soviet Union could and did exercise its veto power in the United Nations.

⁶ Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security*, Vol. 22, No. 2 (Fall 1997), 93-94.

⁷ John C. Scharfen, *The Dismal Battlefield, Mobilizing for Economic Conflict* (Navy Institute Press, 1995), 99-126.

⁸ Mary Cooper, "Economic Sanctions," *Congressional Quarterly Researcher* v4 (October 28, 1994) 946.

⁹ Steven R. Mann, "The Interlocking Trinity," NWC Student Core Course Paper, 1991. 4

Security Council, when the U S sought multilateral support ¹⁰ With the threat of the Russian veto reduced, and China more supportive, support for multilateral sanctions are up But multilateral sanctions require time to gain consensus among the members, commonality of purpose, and tend to dilute the original objectives of the lead state through concessions made in the furtherance of member's industries, domestic support, etc ¹¹ Also, multilateral sanctions are harder to maintain support over time Therefore, if time is a critical factor in obtaining results, and the imposing state considers its cause just, the use of unilateral sanctions may be preferred The U S imposed unilateral sanctions on Pakistan over nuclear weapons development and on Iran in trying to get it to end state support for international terrorism ¹² Unilateral sanctions invite opportunities for other states and non-governmental organizations and actors to fill in the economic voids in target states, given their own individual economic needs and disposition towards the state imposing the sanctions Currently, Arab traders from Gulf countries are running the Iraq sanctions blockade in pursuit of high profits or disagreement with coalition aims Despite unilateral U S sanctions on Cuba, world trade with it has continued for the last 37 years'

Whether unilateral or multilateral, sanctions take time to develop results This is critical for strategic planners to know The length of time is directly affected by the extent of the objectives to be attained, the vulnerability of the target state to the economic instruments to be used, the unity of support for the sanctions, and sufficiency (must be harsh enough to have an impact) ¹³ If time is not something you have to burn, then look

¹⁰ Richard N Haass, "Sanctioning Madness," *Foreign Affairs* 76 (November/December 1997): 76

¹¹ Ibid, 78

¹² Jahangir Amuzegar, "Adjusting to Sanctions," *Foreign Affairs* (May/June 1997) 34

¹³ Franklin L Lavin, "Asphyxiation or Oxygen? The Sanctions Dilemma," *Foreign Policy* (Fall 1996) 4

elsewhere or your expectations should be appropriately low. However, one can use weak sanctions in a short time to appear to have exhausted all options while building domestic support for other diplomatic or military efforts.

Economic sanctions are popular because they stop short of war in attempting to gain the objectives. Since World War One, the horror of war and the development of weapons of mass destruction has made avoidance of military action highly desirable. Thus, we feel we have the moral high ground when using them to avoid war. More importantly for the U.S. and United Nations, failing to attain the objectives through economic sanctions provides an important means to build domestic and world support for the transition to military action by legitimizing its use, following exhaustion of all other options. The coalition's goal to get Iraq out of Kuwait quickly in 1990 through sanctions failed, laying the groundwork for use of military force. Additional time for the sanctions to work risked Saddam Hussein doing something that would undermine coalition support for military force and crack the fragile coalition. But it was imperative to use sanctions prior to the use of force. Use of multilateral sanctions during the Gulf War build-up brought the coalition together and held it together to this day. In addition, the sanctions reduced the military power and logistics support base of the Iraqi forces prior to war. Hence, economic sanctions were a vital tool in preparing the field of battle by depriving Iraq of fresh money, newly purchased weapons, and amassing resources. By themselves, sanctions are limited in success, and have not removed any governments. But used in conjunction with military, diplomatic, and information tools, they are a multiplier. We forget this linkage.

Sanctions provide a quick means to show domestic critics we are doing something while we contemplate the bigger plan ¹⁴ Providing this symbolism is important to developing and maintaining domestic support for the evolving effort ¹⁵ They appear to be a proportional response to challenges in which the interests at stake are less than vital They also signal official displeasure with a behavior or action ¹⁶

Economic sanctions are not cheap or low cost They differ by scenario and actor, but there is a cost (dollars, foreign relations, access, etc), let there be no misconception Overall, sanctions are cheaper than military action and war, hence their attractiveness ¹⁷ One must evaluate the preliminary risks and costs on one's industries and participating states, since globalization of economies ensures someone will be impacted These initial estimates are then refined over time And, planners need to offset costs among supporting states to guarantee continued support for the sanctions over time ¹⁸

One also needs to evaluate what is needed to make the sanctions leakproof and how the various participating states, non-governmental organizations, and any other required actors to enforce them already fit into your overall national strategy and other foreign policy efforts This means keeping track of all sanctions you are participating in and a list of participants, so as to deconflict primary and "secondary" sanctions, supporters, and objectives sought¹ Secondary sanctions are a tool to compel other governments and corporations to join a sanctions regime by threatening "separate or

¹⁴ Franklin L. Lavin, "Asphyxiation or Oxygen? The Sanctions Dilemma," *Foreign Policy* (Fall 1996) 2

¹⁵ Richard N. Haass, "Sanctioning Madness," *Foreign Affairs* 76 (November/December 1997) 75

¹⁶ *Ibid.*, 75

¹⁷ David E. Weekman, "Sanctions: The Invisible Hand of Statecraft," *Strategic Review* 26 (Winter 1998) 42

¹⁸ Mary Cooper, "Economic Sanctions," *Congressional Quarterly Researcher* v4 (October 28, 1994) 942

secondary” sanctions on all violators of the original sanctions regime ¹⁹ It is counterproductive to use secondary sanctions to secure multinational support In fact, use of secondary sanctions may produce unintended negative foreign policy outcomes on other issues ²⁰ A prime example is the recent impact of the Helms-Burton secondary-sanctions on any nation that trades with Cuba This short-sighted Congressional initiative was passed on behalf of a strong lobby determined to punish Cuba for shooting down two private airplanes, employed by supporters of a free Cuba, near its territory ²¹ This immediately impacts Canada, Latin American, and European allies who trade with Cuba and are integral to our sanctions efforts against Iraq and Iran Imposing sanctions on our sanctions-supporters in Iraq and elsewhere does not build vital support ²² We also need to monitor private interest groups lobbying for sanctions to further their private causes

Therefore, how do we improve the chance of sanctions working? Sanctions normally work better against target states we have friendly relations with because there is a mutual understanding and respect that can overcome misunderstandings in implementing such If sanctions are to be used against an adversary, the target already has a predisposition to not cooperate and we should properly adjust our expectations ²³ Actions that do not respect the sovereignty of a target will be met with staunch resistance and may cause the target population to “rally around the flag” and raise up nationalistic

¹⁹ Richard N Haass, “Sanctioning Madness,” *Foreign Affairs* 76 (November/December 1997) 78

²⁰ Ibid, 78

²¹ Joan E Spero, Ph D , Doris Duke Charitable Foundation, “Cooperative Instruments Trade Policy,” Lecture to National War College, 9 Sep 98

²² Richard N Haass, “Sanctioning Madness,” *Foreign Affairs* 76 (November/December 1997) 78

²³ T Clifton Morgan and Valerie L Schwebach, “Fools Suffer Gladly The Use of Economic Sanctions in International Crisis,” *International Studies Quarterly* 41 (March 1997) 45-46

feelings²⁴ Strategists must develop a strong public diplomacy program to complement the sanctions This is an imperative in today's lightning fast world of advanced communications and media. If not developed concurrently, the target could reverse the tables and use world or domestic opinion to crack sanctions support, as Saddam Hussein has done in Iraq lately with pictures of starving children and questioning the right of arms inspectors to have free rein in the country and access to his sovereign palaces Time for sanctions to work means economic decay, starvation, increased disease, possible bloody internal confrontations, and more We tend to think our economic policies will obtain results before these outward ugly signs, with borderline morality and ethics issues, become visible and need to be dealt with We need to prepare domestic and world support for the negative outcomes we are moving towards

Sanctions are not static Individual economies, leaders, weather, geography, and coalition member's aspirations need to be continually monitored and the original plan updated or terminated, if ends and means do not match²⁵ Cuba has been under sanctions for 37 years!

Basic geography and knowledge of the players surrounding the target determines whether we have a chance of interdicting the target economy and the cooperation needed We have a problem in the Middle East with sanctions on Iraq The stalemate in the peace process has surrounding Arab states sympathetic to the Iraqi cause and allowing leakage, while Iran (also under separate sanctions) is allowing leakage through its territorial waters

²⁴ George Lopez and David Cortwright, "The Sanctions Era An Alternative to Military Intervention," *Fletcher Forum* 19 (Summer/Fall 1995) 76

²⁵ Ibid, 76-77

at economic gain to itself. Unintentionally, we have helped Iran generate needed cash in its fight against unilateral U S sanctions Iran charges large fees for safe passage of blockade runners through Iranian waters, safe from the multinational interception force in the Gulf We need to do a better job of deconflicting sanctions

Sanctions need to be narrowly focused if they are to have any chance of success in the amount of time we anticipate, and avoid spilling over unnecessarily into the civilian population²⁶ As already noted, a strong public diplomacy effort is needed We must consider culture, demographics, and historical precedence of the target's past to determine its resistance to influence If our objective is so vast and unrelated to the economy of the target nation, then sanctions are of little use

Lastly, after all is said and done, it is imperative we know the national leaders and the source of their power Sources of vital "economic and political intelligence" are greatly restricted in the U S now, with the drawdown of human intelligence sources One cannot determine intentions from outer space We need to understand if sanctions are working and especially if they are forcing the target into a corner where rational behavior is lost if the nation or leader feels sufficiently threatened²⁷ Some argue that we forced Japan's hand into attacking us at Pearl Harbor because of our nation-threatening sanctions cutting off oil to Japan in the months before December 7, 1941²⁸ Intelligence also supports determination of target vulnerabilities, like North Korea, Iran, and Libya We need to get into the leader's heads!

²⁶ Richard N Haass, "Sanctioning Madness," *Foreign Affairs* 76 (November/December 1997) 77-79

²⁷ John C Scharfen, *The Dismal Battlefield, Mobilizing for Economic Conflict* (Navy Institute Press, 1995), 57-68

²⁸ Ibid, 135

In closing, economic sanctions can work if properly developed and rigorously planned out like we prepare for military or diplomatic efforts. But no one is in charge to oversee all economic sanctions in the U S or United Nations.²⁹ Both need bodies of empowered individuals, expertly trained to consider all described in this essay and more, if we are to get the most out of economic sanctions and fit them into the overall national strategy. "The State Department has the 'lead' responsibility but is always preoccupied with something else. There is a rule when everyone is responsible, no one is."³⁰ In forming such overt organizations we can rest assured it will make others suspicious and even mad.³¹ But if sanctions are to work better we need to commit to this. Of utmost importance, in many cases planners do not know the national strategy objectives they seek. We cannot develop the scenario specific sanctions objectives without these, nor how the other military, diplomatic, and information tools fit together. Sanctions have become the lazy man's foreign policy, viewed as an instant and painless way of advancing U S interests and appeasing domestic support.³² We have got to do better and this essay provides a plan.

²⁹ John C. Scharfen, *The Dismal Battlefield, Mobilizing for Economic Conflict* (Navy Institute Press, 1995), 171

³⁰ Ibid., 171

³¹ Ibid., 173-175

³² Franklin L. Lavin, "Asphyxiation or Oxygen? The Sanctions Dilemma," *Foreign Policy* (Fall 1996) 8